



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING

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GOVERNOR

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SUPERINTENDENT OF  
PUBLIC INSTRUCTION

**FOOD DISTRIBUTION**

**ADMINISTRATIVE POLICY NO. 1  
SCHOOL YEAR 2012-2013**

**SUBJECT: Carryover Policy – Processor Balances of USDA Foods**

**DATE: May 24, 2012**

This memorandum provides policy and guidance regarding school districts' carryover balances of United States Department of Agriculture (USDA) Foods. Per federal regulation 7 CFR Part 250.30, the Michigan Department of Education (MDE) has the responsibility for monitoring the USDA Food inventories at processors. USDA had charged MDE with identifying excess balances at processors for those schools/agencies that are not utilizing their inventory and/or have more inventory than they can realistically utilize in the current school year. Additionally, per federal regulation 7 CFR Part 250.13, the "title of donated foods shall pass to schools/agencies upon delivery of these foods." Since USDA holds the title of all USDA Foods at processors until the finished product is delivered directly to the school or school's warehouse, MDE has the authority to reallocate and reduce excessive inventory of all USDA Foods at processors.

Therefore, MDE will implement a new carryover policy effective July 1, 2013. Schools will have one year to draw down all USDA Food balances at the processors and all brown box inventory at their distributor. The policy will take effect for School Year 2013-2014. The policy is as follows:

**Balances of USDA Foods at Manufacturers**

At the end of each school year (June 30), any pounds of USDA Foods remaining at manufacturers will be reclaimed by its consortium and placed in a general consortium account where the pounds will be fair-shared to schools/agencies that have utilized their own balances and could use additional pounds. **The school or agency losing its balances of USDA Foods should not expect compensation of entitlement for the value of the product that was redistributed to other schools/agencies.**

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Additionally, each school year, any school or agency that has not utilized 30% or more of its balances by November 30 may lose up to 30% of their balances at that time. The transfer of product from one processor to another will be prohibited after March 31 unless pre-approved by the consortium, processor, and MDE. Second processor-to-processor transfers of any kind will not be permitted.

**USDA Foods (brown box) at Distributors**

At the end of each school year (June 30), schools/agencies will be allowed to carry over up to 5% of their brown box inventory. Any additional brown box inventory remaining at the distributor may be reallocated to schools, agencies, or summer camps that can use this inventory. Schools/agencies moving to another consortium will not have the option to carry over any brown box items.